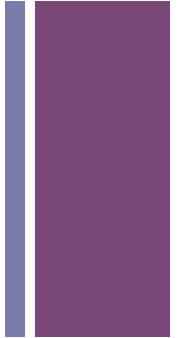




# Writing Off and Collecting Accounts Receivable



**When an account is determined uncollectable, a journal entry must be made to cancel the account.**

**(Both the General Ledger and Accounts Receivable Subsidiary Ledger)**

## **Writing off an Account.**

**This amount is now an ACTUAL uncollectable amount.**

**This amount is then deducted from the Allowance for Uncollectable Accounts.**

**Accounts Receivable / (Customer Account) are credited to reduce the balance or to cancel the debit balance of the account.**

# + JOURNALIZING WRITING OFF AN UNCOLLECTIBLE ACCOUNT RECEIVABLE

GENERAL JOURNAL														PAGE 18		
	DATE		ACCOUNT TITLE			DOC. NO.	POST. REF.	DEBIT				CREDIT				
8		3	Allow. for Uncollectible Accts.			M2		4	6	2	00				8	
9			Accts. Rec./Ryan Recreation									4	6	2	9	
10															10	

1. Debit

2. Credit and Customer's Name

# + POSTING AN ENTRY TO WRITE OFF AN UNCOLLECTIBLE ACCOUNT RECEIVABLE

GENERAL JOURNAL						PAGE 18
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT	
8	3 Allow. for Uncollectible Accts.	M2	1130	46200		8
9	Accts. Rec./Ryan Recreation		1125 180		46200	9
10						10

ACCOUNT Accounts Receivable						ACCOUNT NO. 1125
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
31		CR49		6271600	45800	
2012 Jan. 3		G18		46200	199600	

ACCOUNT Allowance for Uncollectible Accounts						ACCOUNT NO. 1130
DATE	ITEM	POST. REF.	DEBIT	CREDIT	BALANCE	
					DEBIT	CREDIT
31		G15		982800	1014800	
2012 Jan. 3		G18	46200		568600	

CUSTOMER Ryan Recreation						CUSTOMER NO. 180
DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE	
2012 Apr. 6		S12	46200		46200	
2012 Jan. 3	Written off	G18		46200		

1. Post debit amount to general ledger.
2. Post credit amount to general ledger.
3. Post credit amount to customer account.
4. Write *Written off* in the customer account.



# Reopening An Account Previously Written Off



Sometimes a customer will pay on a account that has been written off.

Two Journal Entries are recorded for the collection of a written off account receivable:

- 1.) A general journal entry to reopen the customer account.
- 2.) A cash receipts journal entry to record the cash received on account.



# REOPENING AN ACCOUNT PREVIOUSLY WRITTEN OFF

GENERAL JOURNAL												PAGE 18	
DATE		ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT				CREDIT				
16	29	Accts. Receivable/Ryan Recreation	M3	/	4	6	2	00					16
17		Allow. for Uncollectible Accts.							4	6	2	00	17
18													18
19													19
20													20
21													21
22													22

1. Debit and Customer's Name

2. Credit

# RECORDING CASH RECEIVED FOR AN ACCOUNT PREVIOUSLY WRITTEN OFF

January 29. Received cash in full payment of Ryan Recreation's account, previously written off as uncollectible, \$462.00. Memorandum No. 3 and Receipt No. 8.

## Accounts Affected

Cash

Accounts Receivable

## Classification

Asset

Asset

## Change

Increased

Decreased

## Entered

Debit side

Credit side

## GENERAL LEDGER

### Cash



normal balance  
Jan. 29 462.00

### Accounts Receivable

normal balance  
Bal. 72,458.  
Jan. 29 462.00

Jan. 3 462.00  
Jan. 29 462.00



## ACCOUNTS RECEIVABLE LEDGER

### Tennis Castle

normal balance  
Bal. 462.00  
Jan. 29 462.00

Jan. 3 462.00  
Jan. 29 462.00  
(New Bal. zero)



CASH RECEIPTS JOURNAL													PAGE 51						
				1		2		3		4		5		6		7		8	
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL		ACCOUNTS RECEIVABLE		SALES CREDIT	SALES TAX PAYABLE		SALES DISCOUNT DEBIT	CASH DEBIT							
				DEBIT	CREDIT	DEBIT	CREDIT		DEBIT	CREDIT									
21	29 Ryan Recreation	R8					462.00					462.00							
22																			



# + POSTING ENTRIES FOR COLLECTING A WRITTEN-OFF ACCOUNT RECEIVABLE

GENERAL JOURNAL						PAGE 18
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	DEBIT	CREDIT	
16	29 Accts. Receivable/Ryan Recreation	M3	1125	46 200		16
17	Allow. for Uncollectible Accts.		1130		46 200	17

ACCOUNT Accounts Receivable						ACCOUNT NO. 1125
DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT	CREDIT
31		CR49			62 716 00	72 458 00
Jan. 3		G18		46 200	46 200	71 996 00
29		G18	46 200			72 458 00

ACCOUNT Allowance for Uncollectible Accounts						ACCOUNT NO. 1130
DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT	CREDIT
31		G15			98 256 00	10 148 00
Jan. 3		G18	46 200			96 866 00
29		G18		46 200		10 148 00

CUSTOMER Ryan Recreation						CUSTOMER NO. 180
DATE	ITEM	POST. REF.	DEBIT	CREDIT	DEBIT BALANCE	
Apr. 6		S12	46 200		46 200	
Jan. 3	Written off	G18		46 200		
29	Reopen account	G18	46 200		46 200	
29		CR51		46 200		

1. Post general journal entry to general ledger.
2. Post general journal entry to customer account.
3. Write *Reopen account* in customer account.
4. Post cash receipts journal entry to customer account.

CASH RECEIPTS JOURNAL										PAGE 51
DATE	ACCOUNT TITLE	DOC. NO.	POST. REF.	GENERAL DEBIT	GENERAL CREDIT	ACCOUNTS RECEIVABLE CREDIT	SALES TAX CREDIT	SALES TAX PAYABLE DEBIT	SALES DISCOUNT DEBIT	CASH DEBIT
29	Ryan Recreation	88				46 200				46 200